

EXHIBIT H

SPENCE LAW OFFICE, P.C.
55 LUMBER ROAD, SUITE 5
ROSLYN, NY 11576
TEL: 516-336-2060 FAX: 516-605-2084

January 4, 2024

VIA EMAIL ONLY

Scott Honour, Executive Chairman of the Board
Neon Machine, Inc.
Email: shonour@northernpacificgroup.com

Re: 4D Factory, Inc., et al., Case No. 23-11618 MEW

Dear Mr. Honour:

I am writing to you as the Court authorized legal representative of The 4D Factory LLC (“4D LLC”), a debtor in the above bankruptcy cases (jointly administered) pending in the Southern District of New York (4D LLC’s case number is 23-11619 MEW).

It has come to my attention that Neon Machine, Inc. and/or its Board of Directors is in possession and/or control of assets belonging to 4D LLC, to wit: 480,927,488 Neon Machine (a/k/a “SHRAP”) tokens (see attached spreadsheet from management of Neon Machine attached to February 14, 2022 email from Mark Long as CEO and a Director of Neon Machine confirming the forgoing amount of tokens belongs to 4D LLC). I am writing to formally demand the immediate release of the tokens (whether from treasury,¹ or otherwise), turnover of, and access to in transferable form, any and all such property, in accordance with 11 U.S.C. Section 542 of the Bankruptcy Code. We understand the Board has authority to effectuate this distribution, as also indicated by Mr. Long (and Neon Machine’s general counsel and outside counsel, per Mr. Long’s July 29, 2022 email (also attached)), and therefore expect the Board to promptly order distribution of, and allow full access to, the tokens. In connection with this demand, Neon Machine and the Board should instruct its crypto vendor, the Argon Foundation, to turn over the specified property to 4D LLC’s estate at a wallet address that will be provided to the Foundation. The turnover should be completed no later than January 11, 2024.

Under the provisions of the Bankruptcy Code, Section 542 imposes a legal obligation on any entity in possession or control of property of the debtor to promptly deliver such property to the trustee or other authorized representative of the bankruptcy estate. Failure to comply with this demand may result in legal action being taken to enforce the turnover, and the Board and/or Neon Machine may be held liable for any damages or losses incurred by the bankruptcy estate.

A review by this office of the records clearly shows that, prior to 4D LLC agreeing to the transfer of the intellectual property (“IP”) from its controlled subsidiary Neon Media LLC to

¹ This assumes release from “treasury” is even applicable. There was never any agreement to a distinction between the tokens delivered to other parties and the tokens belonging to 4D LLC.

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Neon Machine, Inc., 4D LLC was assured repeatedly by Mark Long, as CEO of Neon Media seeking 4D's approval for his proposed Neon Machine transactions, that the tokens it was promised in the transaction were its own property. However, four months after the IP transfer it was disclosed to 4D LLC that its tokens were being held in a different class, and apparently pooled with other stakeholders' tokens in "treasury." Meanwhile, the records also indicate that every other shareholder of Neon Machine (as well as every non-shareholder token holder) has tokens bearing no such restrictions (to the extent the "treasury" designation actually exists or imposes any restriction), and a simple online search demonstrates millions of SHRAP tokens are being traded daily. In fact, 4D LLC stands alone in having had its entire token holdings, among the largest in the company, purportedly "locked" in "treasury" by management. Coupled with the apparent give-away of hundreds of millions of tokens to the same managers almost immediately after closing of the transactions, a likely claim of fraud against Neon Machine and/or its management should be expected, unless this situation is remedied immediately. Fortunately for all, as confirmed by Neon Machine's then CEO and the Company's counsel, the Board is clearly authorized to make a distribution and, if necessary, to unlock 4D LLC's token holdings, which would reasonably address the situation.

Please be advised that there is openness from my clients to discuss how to utilize a portion of the token holdings held by Neon Machine stakeholders to address Neon Machine's financing needs. Provided that would be a second step after prioritizing the aforementioned turnover to 4D LLC of its tokens, the objective would be to make available sufficient capital on a recurring basis to fund operations, far more than the \$2 million recently offered in a one-time term sheet proposal delivered on Dec. 11, 2023 that was rejected by the Board.

Your prompt attention to this matter is imperative not only to ensure proper administration of the bankruptcy estate, but to provide urgently needed funding for operations of Neon Machine. Please provide written confirmation that Argon has been instructed to turn over the property, including details of the property, means for access thereto, transferability of same, and the date of turnover. Upon your confirmation, this office will forward a wallet address and further instructions to ensure a secure transfer.

If you have any questions or concerns regarding this demand, I strongly advise you to seek legal counsel promptly. Your anticipated cooperation in this matter is anticipated and appreciated.

This letter is without prejudice. All rights and remedies are reserved on behalf of the Debtors and their estates.

Sincerely yours,



Robert J. Spence

Attachments (3)

Subject: Answers to Your Neon Machine Fundraising and Token Questions

Date: Friday, July 29, 2022 at 6:13:31 PM Eastern Daylight Time

From: Mark Long

To: Cort Javarone

CC: Andrew Grossman

Cort,

Andrew worked with our corporate council Fennwick to prepare these answers to your questions re Neon's fundraising history as well as token interest sales that have occurred at Argon Protocol Foundation, with whom Neon has a services relationship. I'll make any subsequent discussion of this subject you may want to have an agenda item at our next board meeting which I hope to hold in August in Seattle.

Mark

Who were the Pre-Seed and Seed Round investors and how much was invested by each? I see "Seed" in one bucket on the attached, while in your recent White Paper you list two rounds at prices of \$0.0033 and \$0.0050 respectively.

- In the Fall of 2021, Neon Machine, Inc. ("Neon") sold Simple Agreements for Future Equity ("SAFEs") to Griffin Gaming Partners and Polychain for a total raise of \$8 million. In connection with the SAFE purchases, Griffin and Polychain each entered into a Side Letter with Neon, pursuant to which Griffin is directly entitled to 10.875% of the total network for each type of token and Polychain is directly entitled to 6.525% of the total network for each type of token.

Additionally, Argon Protocol Foundation ("Argon") was formed and sold 1,591,463,087 SHRAP token interests, out of a total 3 billion possible tokens, to Neon and to its service providers, investors (including Griffin and Polychain) and stockholders in a "Founder Round" at a nominal purchase price based on a valuation report prepared by an independent third-party valuation firm, Redwood Valuation Partners. These direct allocations to Griffin and Polychain were to satisfy the obligations under each Side Letter. Argon is a Panamanian foundation (without any members or shareholders) that is developing the smart contract responsible for the SHRAP token and is expected to eventually deploy the smart contract that mints the tokens. Argon is a contractual counterparty of Neon, but is not owned or controlled by Neon.

Separately, a group of founders and early service providers received an aggregate of 90 million SHRAP token interests in exchange for cancellation of debt in the aggregate amount of ~\$422,000.

Subsequently, Argon sold SHRAP token interests to a broad group of investors including Dragonfly Capital, Defiance Capital, Mechanism Capital and several other funds and angel investors at a price of ~\$0.0333, for a total raise of \$7 million. Such price was determined through negotiation with participating investors. Currently, Argon's sole development partner at this stage is Neon, and some of the proceeds of such token interest sales have been used by Argon to compensate Neon for the services Neon has provided via a Services Agreement between Argon and Neon.

We'd like to see the breakdown of the ~794 million tokens granted by individual. How much is already granted vs. reserved for future hires and on what basis would they be granted? Are there any vesting or other restrictions?

- Of the ~799 million SHRAP tokens that have been allocated for current and future employees, directors, consultants, advisors, etc. of Neon in connection with their services, interests in ~714.5 million SHRAP tokens have already been allocated and/or granted (including to The 4D Factory LLC), and interests in ~84.5 million SHRAP tokens remain reserved and available (note that the difference between ~794 million and ~799 million token interests is the 5 million token interests allocated for Neon board directors, including yourself).

Such token interests that were granted to the founders and early advisors are not subject to vesting, but they are subject to lock-up restrictions for 30 months after token generation event (i.e., a 6-month cliff after token generation, followed by equal monthly unlocks for the subsequent 24 months). The token interests granted to employees, later advisors and directors are subject to both vesting and lock-up provisions, which provisions vary between 2, 3 and 4 years.

What was the price paid in the Private Sale, and how much has been closed? Why is that round not listed in the table on p. 27 of the White Paper?

- The “Private Sale” is the previously mentioned SHRAP token interest sale among Argon, Dragonfly, Defiance Capital, Mechanism Capital and others, in which token interests were sold by Argon at a price of ~\$0.0333, for a total raise of \$7 million. The purchasers in the “Private Sale” are referred to as the “Strategic Token Holders” in the White Paper.

How and when were the two Seed round plans and pricing, and the Grants to Team, Advisors and Future Hires approved? We were not made privy to a Board meeting or other process that signed off on either.

- As discussed above, Neon raised \$8 million through the sale of SAFEs to Griffin and Polychain. Concurrently with the SAFE investment, Griffin and Polychain entered into Side Letters entitling them directly to 10.875% and 6.525%, respectively, of the total token network. The Neon Board of Directors ratified this transaction in October 2021. In November 2021, the Neon Board of Directors also approved the assignment of ~127.7 million SHRAP token interests to then-current service providers, and the establishment of a Token Plan with ~120.25 million SHRAP token interests for future service provider use. (In January 2022, the Neon Board of Directors was expanded from 1 director to 5 directors and Pierre-Edouard, Benjamin, Ned and you were added to the Board.)

Also, as discussed above, Argon raised \$7 million through the sale of SHRAP token interests to Dragonfly, Defiance Capital, Mechanism Capital and others at a price of ~\$0.0333. Prior to such SHRAP token interest sales, Argon sold SHRAP token interests directly to Neon service providers (who qualified as Accredited Inventors), investors (i.e., Griffin and Polychain) and stockholders at the price determined by Redwood. Such transactions were between Argon and the recipient of the token interests.

Please confirm lockup restrictions on the Seed round and Private Sale tokens issued. Will there be any restrictions on public sale tokens?

- The SHRAP token interests received by Neon SAFE investors and individuals who agreed to cancel the debt owed to them by Neon are subject to a 12-month lock-up from token generation (i.e., a 6-month cliff after token generation, followed by equal monthly unlocks for the subsequent 6 months).

The SHRAP token interests purchased by investors from Argon are subject to an 18-month lock-up from token generation (i.e., a 6-month cliff after token generation, followed by equal monthly unlocks for the subsequent 12 months).

It is not anticipated that SHRAP token interests purchased in a public sale will be subject to a lock-up.

4D's only token allocation is in the "Treasury" category. However in your decks you state "The Shrapnel treasury consists of funds allocated to development costs, growth, marketing, & communications as well as a rewards program for staking and players who create good content or showcase good gameplay." This suggests our token is not actually ours but could be spent for other purposes. Please clarify.

- In the first instance, 4D has a direct allocation of 15 million SHRAP token interests and its allocation is not limited to the Treasury category.

Separately, Neon currently holds ~264.5 million SHRAP token interests on its balance sheet. So, each Neon stockholder has an indirect interest in such SHRAP token assets, and each stockholder's stake in Neon is worth more as a result of Neon holding such asset. Neon could keep these SHRAP token interests as an asset on its balance sheet, use them as payment in development/growth transactions, or distribute such token interests to stockholders. Please note that this number is subject to adjustment for new hires.

You footnoted the Treasury token as conditioned "Upon dividend or other distribution event", which we've never seen before in any of the decks. This suggests that 4D is limited to a category that cannot access the token unless approved for distribution, while the rest who have been granted tokens for free or invited to purchase them for fractions of a cent are more liquid and accessible. What was planned for how the Treasury tokens would be available and liquid? Are there rules or other conditions related to the above white paper description that impact whether they can be distributed, per your footnote?

- As discussed above, 4D has a direct allocation of 15 million SHRAP token interests, and a purchase agreement covering such token allocation was sent to 4D in December 2021 for signature.

The specific way in which Neon uses the SHRAP token interests on its balance sheet will be determined over time, as dictated by business needs. So long as Neon complies with applicable law, there aren't restrictions on how Neon can use the SHRAP token interests. If approved by the Board, one of those use cases could be distributing some or all of the SHRAP token interests to Neon stockholders.

When 4D and Neon approved this project, you stated that all of us would have the opportunity to buy into the pre-public rounds as Insiders. From what I understand, Andrew and David received invitations to buy in at the private sale price. Neither Jon nor Kevin nor I, nor 4D as an entity, can find any invitation to invest in any of the rounds. Was this an oversight?

- In May 2021, Calvin Zhou offered you the opportunity invest in the project, and Calvin recalls that you did not want to participate at that time. However, if you, Jon Miller, or Kevin Conroy would like to purchase token interests in the private sale, you are welcome to do so before the public sale.

mark long I ceo
neon

mark.long@neonmedia.io
+01 206 669 590

zoom
<https://us02web.zoom.us/j/4321511612>

calendly
<https://calendly.com/markvlong>

Subject: Neon Cap Tables
Date: Monday, February 14, 2022 at 12:44:49 PM Eastern Standard Time
From: Mark Long
To: Cort Javarone
CC: Andrew Grossman
Attachments: Neon Machine Cap Table Feb 2022.xlsx

Sorry this was delayed. Cap tables enclosed.

As we related in the board meeting, our designated market maker (DMM) Amber Group has priced their options at a fully diluted token market cap of ~\$1.5B. The token treasury controlled by the board is ~41% of total supply, of which 4D's 39% equity interest could theoretically translate into ~\$240M should the board elect to distribute on a pro rata basis.

The company has also granted you 15M tokens as an advisor and 1M as a board director. Again, at a theoretical DMM valuation, your personal stake could be worth ~\$8M.

Of course it's impossible to predict how public sale will perform or what the price of the token will be a year later when lockup ends, but my personal opinion is that Amber's strike price of \$.50 is the lower boundary of probability.

If we look at our closest comparable - Star Atlas - a AAA sci-fi shooter; they're at ~\$3B. And that's in the current crypto down draft. They were worth twice that in November. I think ~\$1.00 is a more likely probability in a year and that the upper boundary could be ~\$3.00.

mark long | ceo neon

www.shrapnel.com

+01 206 669 5940

mark.long@shrapnel.com

zoom link

<https://zoom.us/j/4787766268>

calendly link

<https://calendly.com/markvlong>

EQUITY		TOKENS	
Neon Machine	# shares	Neon Machine Treasury *	# tokens
4D Factory	6,000,000	480,927,488	39% 17%
Griffin	3,333,333	267,181,938	22%
Polychain	2,000,000	160,309,163	13%
Founders	4,000,000	320,618,325	26%
Total	15,333,333	1,229,036,913	
* When SAFE converts to preferred			
Private Sale			
Dragonfly	60,000,000		
3 Arrows Capital (3AC)	22,500,000		
Defiance Capital	22,500,000		
Sfermion	15,000,000		
Mechanism Capital	15,000,000		
Merit Circle	7,500,000		
CMT Group	7,500,000		
Finality Capital Partners	3,000,000		
Spartan	3,000,000		
Woodstock	3,000,000		
Overwolf	1,500,000		
Okex	1,500,000		
Digital Development Management (DDM)	1,500,000		
Angels, influencers, guilds	46,500,000		
Subtotal	210,000,000		
Insiders		Dilution to Cap Table Allocation	
Seed Round Investors	612,000,000	50%	
Team, Advisors, Future Hires	793,963,087	65%	
Board Directors	5,000,000		
Subtotal	1,410,963,087	2,850,000,000	232%
Public Sale	150,000,000		
Total Supply	3,000,000,000		

* Upon dividend or other distribution event.